GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:562
ANSWERED ON:20.02.2003
PRODUCTION COST OF PETROLEUM PRODUCTS IN PUBLIC PRIVATE SECTOR
RAMJI LAL SUMAN;SUSHIL KUMAR INDORA

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether production cost of petro-products in public sector undertakings and private companies differ;

(b) if so, average production cost of petrol, diesel, Kerosene, Naphtha and Natural Gas in public sector undertakings and private companies during 2001-2002;

(c) whether the Government have tried to find out the reasons for difference in production cost; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): Oil refining being a continuous process industry with multi product output, product wise cost of production is not worked out. The overall cost of production varies from company to company. With the dismantling of Administered Pricing Mechanism, the production cost of the oil companies are not compensated by the Government. However, in a free market scenario, the companies would be compelled to minimize the production costs.